

## SENATE BILL NO. 505

INTRODUCED BY BALES, MCCHESENEY

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A TEMPORARY PERMIT FOR THE BENEFICIAL USE OF WATER PRODUCED IN ASSOCIATION WITH COAL BED METHANE; LIMITING THE BENEFICIAL USES OF WATER PRODUCED IN ASSOCIATION WITH COAL BED METHANE; DEFINING THE SOURCE AND POINT OF DIVERSION FOR A TEMPORARY PERMIT TO BENEFICIALLY USE WATER PRODUCED IN ASSOCIATION WITH COAL BED METHANE; ASSESSING A FEE; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Temporary permit for beneficial use of water produced in association with coal bed methane -- findings -- limited use -- fee.** (1) The legislature finds that:

(a) water is produced from a coal seam to the surface of the earth in association with the production of coal bed methane;

(b) water produced in association with coal bed methane must be managed in accordance with 82-11-175;

(c) water produced in association with coal bed methane is often usable for stock water, managed irrigation, domestic uses, dust suppression, and other industrial uses;

(d) pursuant to 85-2-510, the board of oil and gas conservation regulates the initial withdrawal of water produced in association with coal bed methane;

(e) pursuant to 82-11-175(2)(a), the beneficial use of water produced in association with coal bed methane is regulated by the department;

(f) the jurisdiction of the department begins when water ~~reaches~~ HAS REACHED the surface of the earth and is in a pipeline, pond, pit, or other means of containing or conveying the water;

(g) once the water produced in association with coal bed methane ~~reaches~~ HAS REACHED the surface of the earth and is in a pipeline, pond, pit, or other means of containing or conveying the water, it is legally available for appropriation; and

(h) for the purposes of a temporary permit for a beneficial use allowed by this section, the water

described in subsection (1)(g) is surface water.

(2) As provided in this section and in accordance with this part, the department shall issue a temporary permit for the beneficial use of water produced in association with coal bed methane.

(3) In addition to the requirements of this part, an application for a temporary permit under this section must:

(a) provide that the source of the appropriation is surface water in the pipeline, pond, pit, or other means of containing or conveying the water approved by the board of oil and gas conservation pursuant to 85-2-510;

(b) provide that the point of diversion is a specified place diverting the water from the pipeline, pond, pit, or other means of containing or conveying the water approved by the board of oil and gas conservation pursuant to 85-2-510;

(c) limit the use of the water to:

(i) stock water;

(ii) managed irrigation with no return flow to surface water;

(iii) dust suppression and other industrial uses;

(iv) domestic use; or

(v) distribution for the purposes of subsections (3)(c)(i) through (3)(c)(iv).

(4) A temporary permit issued under this section expires when the beneficial use ceases or the water produced in association with coal bed methane is no longer available.

(5) An applicant for a temporary permit under this section shall pay ~~a \$200~~ AN \$800 fee to the department.

(6) (a) The holder of the temporary permit shall notify the department when the beneficial use ceases or the water produced in association with coal bed methane is no longer available.

(b) The owner of the coal bed methane well or the holder of the temporary permit shall give the landowner where the well is located reasonable notice that the temporary permit is about to expire.

**NEW SECTION.** **Section 2. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 85, chapter 2, part 3, and the provisions of Title 85, chapter 2, part 3, apply to [section 1].

**NEW SECTION.** **Section 3. Effective date.** [This act] is effective on passage and approval.

1        NEW SECTION. **Section 4. Applicability.** [This act] applies to pending beneficial use applications for  
2        water produced in association with coal bed methane submitted before [the effective date of this act] and to  
3        beneficial use applications for water produced in association with coal bed methane submitted on or after [the  
4        effective date of this act].

5 - END -